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July 24, 2000

Mr. K. David Waddell
Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

In re: Application of Chattanooga Gas Company - DuPont Contract
Docket Nos. 99-00908

Dear Mr. Waddell:

Upon receipt of the Order in the above-referenced matter, which was dated July 18, 2000, our review of the Order noted that the ordering provision of the Order failed to specifically mention that Chattanooga is entitled to the recover the margin loss under a 90/10 split. This would be similar to the application of Chattanooga's recovery for customers who have alternative fuel capabilities.

There is specific discussion and mention within the body of the Order relative to this and, as we would understand the contents of the body of the Order, Chattanooga's recovery under this method is fair and reasonable and in the best interests of Chattanooga's customers. Consequently, we were wondering why specific reference to that was left out of the ordering paragraph.

If it was the intent of the Regulatory Authority that the ordering provision No. 1, which reads, "The application of Chattanooga Gas Company for approval of a negotiated contract with E. I. DuPont de Nemours Company is approved . . ." is sufficient to cover the recovery of the lost margin, then the Company will accept that and proceed. If there is some other issue or question raised relative to the absence of the specific mention of the margin recovery, then the Company requests to be so advised.

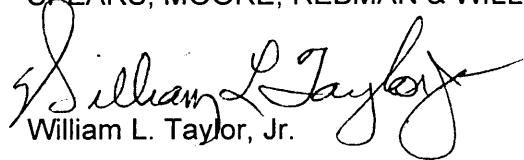
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Thank you for your prompt attention to this matter.

Very truly yours,

SPEARS, MOORE, REBMAN & WILLIAMS


William L. Taylor, Jr.

WLT:jcb
Enclosure

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